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**MONTEREY FIRE PROTECTION DISTRICT
NO. 1 OF CONCORDIA PARISH
MONTEREY, LOUISIANA**

**Component Unit Financial Statements
With Independent Auditors' Report
of and for the Two Years Ended
December 31, 2000**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-20-01

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SECTION I – GENERAL PURPOSE FINANCIAL STATEMENTS

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
Monterey Fire Protection District
No. 1 of Concordia Parish
Monterey, Louisiana**

We have audited the accompanying general purpose financial statements of the Monterey Fire Protection District No. 1 as of December 31, 2000 and 1999 as listed in the table of contents. These general-purpose financial statements are the responsibility of Monterey Fire Protection District No. 1's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Monterey Fire Protection District No. 1, as of December 31, 2000 and 1999, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2001 on our consideration of the Monterey Fire Protection District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the

**Members of the Board of Supervisors
Monterey Fire Protection District No. 1
Page Two**

general purpose financial statements of the Monterey Fire Protection District No. 1. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

**Ferriday, Louisiana
May 31, 2001**

Switzer, Hopkins & Mange

MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS
BALANCE SHEET
DECEMBER 31, 2000

	Governmental Fund Type General <u>Fund</u>	Account Group General Fixes <u>Assets</u>	Total (Memorandum Only)
<u>ASSETS AND OTHER DEBITS</u>			
Cash	\$ 8,232	\$ -	\$ 8,232
Due from other governments (Note B)	5,084	-	5,084
Land, buildings and equipment (note 4)	<u>-</u>	<u>202,706</u>	<u>202,706</u>
TOTAL ASSETS	<u>13,316</u>	<u>202,706</u>	<u>216,022</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	<u>144</u>	<u>-</u>	<u>144</u>
Fund Equity:			
Investment in general fixed assets	-	202,706	202,706
Fund balances			
Unreserved	<u>13,172</u>	<u>-</u>	<u>13,172</u>
Total Fund Equity	<u>13,172</u>	<u>202,706</u>	<u>215,878</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 13,316</u>	<u>\$ 202,706</u>	<u>\$ 216,022</u>

The following notes are an integral part of these financial statements.

**MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND**

**Statement of Revenues, Expenditures and
Changes in Fund Balance**

For the Year Ended December 31, 2000 and 1999

Revenues:

Ad valorem taxes	\$ 19,477	\$ 15,591
Intergovernmental revenue	4,977	4,882
Use of money and property	102	155
Total revenues	<u>24,556</u>	<u>20,628</u>

Expenditures:

Public safety:

Personal services	550	600
Operating services	9,476	11,060
Materials and supplies	8,569	2,436
Capital outlay	5,128	6,518
Total expenditures	<u>23,723</u>	<u>20,614</u>

Excess of revenues over expenditures	833	14
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Fund balance at beginning of year	<u>12,339</u>	<u>12,325</u>
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Fund balance at end of year	<u><u>\$ 13,172</u></u>	<u><u>\$ 12,339</u></u>
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The following notes are an integral part of these financial statements.

MONTEREY FIRE PROTECTION DISTRICT NO. 1

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2000 and 1999

	<u>General Fund - 2000</u>			<u>General Fund - 1999</u>		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Ad valorem taxes	\$ 16,500	\$ 19,477	\$ 2,977	\$ 16,500	\$ 15,591	\$ (909)
Intergovernmental revenue	3,200	4,977	1,777	3,200	4,882	1,682
Use of property and money	-	102	102	-	155	155
Total revenues	19,700	24,556	4,856	19,700	20,628	928
EXPENDITURES						
Personal services	600	550	50	600	600	-
Operating services	4,300	9,476	(5,176)	8,300	11,060	(2,760)
Materials and supplies	8,500	8,569	(69)	2,500	2,436	64
Capital outlay	5,000	5,128	(128)	5,000	6,518	(1,518)
Total expenditures	18,400	23,723	(5,323)	16,400	20,614	(4,214)
EXCESS OF REVENUES OVER EXPENDITURES	1,300	833	(467)	3,300	14	(3,286)
FUND BALANCES - BEGINNING OF YEAR	12,339	12,339	-	12,325	12,325	-
FUND BALANCES - END OF YEAR	\$ 13,639	\$ 13,172	\$ (467)	\$ 15,625	\$ 12,339	\$ (3,286)

The following notes are an integral part of these financial statements.

**MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana**

**Notes to the Financial Statements
As of and for the Two Years Ended December 31, 2000**

INTRODUCTION

1. The Concordia Parish Police Jury created the Monterey Fire Protection District No. 1 by ordinance. The District operates in compliance with Part II, Title 40:1492-1502 of the Louisiana Revised Statutes.
2. The purpose of the District is to provide fire protection.
3. The District's boundaries are outside of the corporate limits of any municipality in Concordia Parish and outside of the Concordia Fire Protection District No. 1. Concordia Parish is located in East Central Louisiana.
4. A Board of Supervisors appointed by the Concordia Parish Police Jury governs the District. The board consists of five members and is presently serving without compensation.
5. The District has no paid employees.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

This report includes all funds that are controlled by or dependent of the Board of Supervisors. Control by or dependence on the Fire District was determined on the basis of budget adoption, authority to issue debt, appointment of governing body, and other general oversight responsibility.

2. Fund Accounting

The accounts of the Fire District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the accompanying financial statements are described as follows:

General Fund

The General Fund is the general operating fund of the Monterey Fire Protection District No. 1. It is used to account for all financial resources except those required to be accounted for in another fund.

**MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana**

**Notes to the Financial Statements
As of and for the Two Years Ended December 31, 2000**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

General Fixed Assets –

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying general-purpose financial statements have been prepared on the modified accrual basis (GAAP) of accounting.

Revenues

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15, of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

Expenditures

Purchase of equipment and supplies are recorded when the related fund liability is incurred.

4. Budget Practices

Annually, the Fire District adopts a budget. Appropriations lapse at year-end and the District does not utilize encumbrance accounting.

**MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana**

**Notes to the Financial Statements
As of and for the Two Years Ended December 31, 2000**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

5. Cash and Investments

At year-end, the bank's balance of the District's deposits was \$1,642. This balance was insured by FDIC insurance.

6. Total Column on Combined Statements – Overview

The total column on the combined statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B – TAXES

The district is authorized to levy a maximum tax of 3.10 mills annually on property within the boundaries of the district for maintenance and operation of the district. The district levied 3.10 and 3.00 mills for 2000 and 1999 respectively.

NOTE C – GENERAL FIXED ASSETS

The following is a schedule of general fixed assets at December 31, 1999 and 2000:

	Balance Beginning of Year	Addition	Deletions	Balance End of Year
1999	\$ 191,061	\$ 6,518	\$ -	\$ 197,579
2000	197,579	5,127	-	202,706

NOTE D – PENSION PLAN

The district has no employees that would require participation in a retirement system.

**MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana**

**Notes to the Financial Statements
As of and for the Two Years Ended December 31, 2000**

NOTE E – BANK LOANS PAYABLE

The following is a summary of bank loan transactions for the two years ended December 31, 2000:

Bank loans payable at December 31, 1998	\$ 2,032
For the year ended December 31, 1999	
Additions	1,500
Payments	(2,032)
For the year ended December 31, 2000	
Additions	5,000
Payments	<u>(6,500)</u>
Bank loans payable at December 31, 2000	<u><u>\$ -</u></u>

Bank loans payable is retired from the General Fund

NOTE F – LITIGATION AND CLAIMS

The district is not involved in any litigation at December 31, 2000, nor is it aware of any unasserted claims.

NOTE G – EXPENDITURES – ACTUAL AND BUDGET

The following funds had actual expenditures over budgeted expenditures for the years ended June 30, 1999 and 2000:

<u>Fund</u>	Budgeted Expenditures	Actual Expenditures	Excess of Actual Over Budgeted Expenditures
General Fund - 1999	\$ 16,400	\$ 20,614	\$ 4,214
General Fund - 2000	18,400	23,723	5,323

SECTION II – COMPLIANCE/INTERNAL CONTROL

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Monterey Fire Protection District
No. 1 of Concordia Parish
Monterey, Louisiana

We have audited the general purpose financial statements of Monterey Fire Protection District No. 1 as of and for the two years ended December 31, 2000 and 1999, and have issued our report thereon dated May 31, 2001. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Monterey Fire Protection District No. 1's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and it is described in the accompanying schedule of findings and questioned costs as item 2000-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monterey Fire Protection District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

**Board of Commissioners
Monterey Fire Protection District
No. 1 of Concordia Parish
Page Two**

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Monterey Fire Protection District No. 1's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2000-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

This report is intended for the information and use of management of the district and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

**Ferriday, Louisiana
May 31, 2001**

Switzer, Hopkins & Marge

**SECTION III – SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

MONTEREY FIRE PROTECTION DISTRICT NO. 1

Schedule of Findings and Questioned Costs Year Ended December 31, 2000

Summary of Audit Reports

- 1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.**
- 2. One reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.**
- 3. One instance of noncompliance with certain laws and regulations of the District was disclosed during the audit.**

Findings – Financial Statement Audit

Reportable Conditions

2000-1 – Segregation of Duties

Condition:	We noted that the Monterey Fire Protection District No. 1 does not have adequate segregation of duties.
Criteria:	To increase internal controls, we recommend adequate segregation of duties.
Effect:	Because of lack of segregation of duties, internal controls are weakened.
Recommendation:	We recommend that an attempt be made to strengthen internal control problems created by having few employees.
Response:	Management indicated that it would not be cost efficient or feasible to increase the number of employees.

Schedule of Findings and Questioned Costs
Page Two

2000-2 -- Budget Law Violation

Condition: The District's expenditures in 2000 and 1999 exceeded the budgeted amounts by more than 5% in violation of state law.

Recommendation: We recommend that the budget be compared to expenditures during the year and if necessary the budget should be amended before the end of the year.

Response: Management agrees with this finding.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2

Summary Schedule of Prior Audit Findings December 31, 1999

INTERNAL CONTROL FINDINGS

1. Segregation of Duties

Condition: We noted the Monterey Fire Protection District No. 1 does not have adequate segregation of duties.

Current status: This condition continues in the current year and is included in finding 2000-1.

2. Timeliness of audit

Condition: We noted that the audit was not completed within six months as required by Louisiana law.

Current status: This condition has been corrected.

SECTION IV – RESPONSE

MONTEREY FIRE PROTECTION DISTRICT
OF CONCORDIA PARISH
MONTEREY, LOUISIANA 71354

June 4, 2001

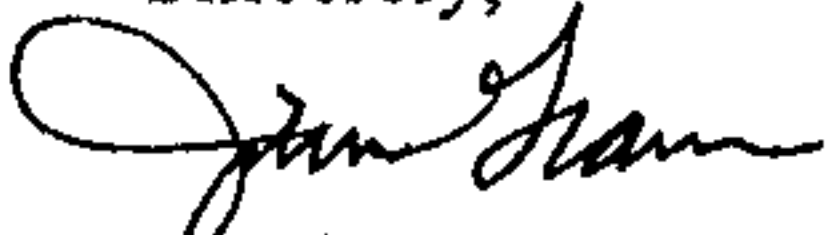
Switzer, Hopkins & Mange
Post Office Box 478
Ferriday, Louisiana 71334

Dear Sir:

In regard to the segregation of duties problem mentioned as an internal control problem in the audit of the year ended December 31, 2000 and 1999, we acknowledge that this may be a problem. We have only one person working in the office and have no plans to hire any additional personnel. It is impossible for us to have segregation of duties with only one employee. We have no plans to correct this finding.

In regard to the problem that we spent more than the budget, we will have the correct budget adopted in the future or we will amend the budget before the end of the year.

Sincerely,



Jim Graves,
Secretary